



**Board of Trustees Audit & Compliance Committee**

Tuesday, February 14, 2023, 9:30-10am

Microsoft Teams Virtual Meeting

*Trustees:* Sandra Callahan, Chair; Oscar Horton, Lauran Monbarren

**A G E N D A**

- I. Call to Order and Comments Chair Sandra Callahan
- II. Public Comments Subject to USF Procedure Chair Callahan
- III. New Business – Action Items
  - a. [Approval of November 15, 2022 Meeting Notes](#) Chair Callahan
  - b. [Acceptance of Performance-Based Funding \(PBF\) and Preeminence Data Integrity Audits & Approval of Data Integrity Certification](#) Exec Director Virginia Kalil
- IV. New Business – Information Items
  - a. [USF/DSO Independent Audit Findings Report](#) University Treasurer Fell Stubbs
  - b. [Annual Compliance Certifications of DSOs](#) University Treasurer Fell Stubbs
- V. Adjournment Chair Callahan



**Board of Trustees Audit & Compliance Committee**

Tuesday, November 15, 2022

11-11:45am

Microsoft Teams Virtual Meeting

**MINUTES**

The meeting of the Audit and Compliance Committee was called to order by Chair Sandra Callahan.

Chair Callahan asked Kiara Guzzo to call the roll with the following committee members present; Trustee Sandra Callahan, Trustee Oscar Horton, and Trustee Lauran Monbarren. A quorum was established.

**Public Comments Subject to USF's procedure**

There were no requests for public comments received.

**New Business – Action Items**

**Approval of Meeting Notes**

The August 16, 2022 Audit and Compliance Committee meeting.

Having no changes to the meeting notes Chair Callahan made a motion for approval. The motion was seconded by Trustee Horton and the August 16<sup>th</sup> meeting notes were approved.

**Approval of revised Internal Audit Charter**

Executive Director and Chief Internal Auditor Virginia Kalil provided an update to the Internal Audit Charter.

According to Florida Board of Governors (BOG) Regulations 4.002 State University System Chief Audit Executives, “each board of the trustees shall adopt a charter which defines the duties and responsibilities of the office of the chief audit executive” and this charter shall be reviewed at least every three (3) years for consistency with applicable Board of Governors and university regulations, professional standards, and best practices”.

Executive Director Kalil provided comments on a recent Strategic Planning exercise that occurred as well as the upcoming External Quality Review next spring. There was a recent change to the scope of the Audit and Compliance department; and there is also new leadership. There was another change related to the reorganized thoughts that are in our Mission.

The Annual Reporting deadline by the Board of Governors was also included amongst the changes.

Having no questions on the revisions to the Charter, Chair Callahan requested a motion to approve the revised Charter, which was given by Trustee Horton, seconded by Chair Callahan. The revised Internal Audit Charter was approved.

### **Acceptance of Audit & Compliance Committee Performance Assessment**

Executive Director and Chief Internal Auditor Virginia Kalil provided an update of Audit & Compliance Committee Performance Assessment.

In accordance with the Board of Trustees (Board) ACC Charter, the committee is required to evaluate its own performance on a periodic basis and communicate the results of this evaluation to the Board.

Chair Callahan had comments pertaining to an element which requires the Audit and Compliance Committee to assess their own performance.

Executive Director Kalil made comments on the charter components and the expectations of the performance evaluation for the Audit and Compliance Committee. There were favorable comments on survey's rating scales as well as the discussions on the committee's interaction with the Department of Internal Audit.

A few topics discussed on the survey statement were:

- Receiving sufficient information
- Understanding how our work plans address emerging risks
- Meeting management needs for assurance
- Providing value to the university
- Building Trustee Relationships

Chair Callahan requested a motion to accept and approve the Audit & Compliance Committee Performance Assessment. The motion was given by Trustee Horton; Chair Callahan seconded, and the motion passed.

### **Approval of Revised Compliance & Ethics Program Plans**

Chief Compliance Officer Caroline Fultz-Carver provided an update on the revised Compliance and Ethics Plans.

According to Florida Board of Governors (BOG) Regulation 4.003, all State University System institutions must implement a university wide Compliance and Ethics Program as a point for

coordination of and responsibility for activities that promote ethical conduct and maximize compliance with applicable laws, regulations, rules, policies, and procedures.

Chief Officer Fultz-Carver commented on the Compliance Officers workgroup, their designees, and fundamental changes to the report. Other revisions to the plan discussed were related to updated titles, names and signature lines to reflect the current BOT Chair and President.

Chair Callahan requested a motion to approve the revised Compliance & Ethics Program Plan; it was given by Trustee Horton and seconded by Chair Callahan. The revised plan was approved.

**New Business Information Items**  
**USF DSO Independent Audit Findings Report**

USF Treasurer Fell Stubbs provided an update on the USF DSO Independent Audit Findings Report.

The Independent Audit Findings Report describes audit findings and auditor recommendations, and management's responses and correction status.

The Independent Audit Report was provided to the Board of Trustees Audit & Compliance Committee on February 21, 2022.

This report provides an update to this status for all the Findings presented at that time.

Mr. Stubbs commented on the detailed description of each of the findings included in the committee's packets. All the Audit Findings have been successfully closed.

Chair Callahan acknowledged her appreciation for the frequent updates on the Audit Findings.

Mr. Stubbs announced that the open Audit Findings will be reported quarterly in the future.

Having no further business Chair Callahan adjourned the Audit and Compliance Committee meeting.

**Agenda Item: III.b.**

**USF Board of Trustees**  
February 14, 2023

**Issue:** Board of Governors Performance-Based Funding and Preeminence Data Integrity Audits and Certification

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**Proposed action:** Acceptance of Performance-Based Funding (PBF) and Preeminence Data Integrity Audits and Approval of Data Integrity Certification

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**Executive Summary:** Pursuant to Florida Statute 1001.706(5)(e) and Board of Governors Chair Lamb's letter to University Presidents and University Board of Trustees Chairs dated June 21, 2022, the USF Office of Internal Audit (IA) conducted internal audits of PBF and Preeminence Data Integrity. The primary audit objectives for both audits were to:

- Determine whether the processes and internal controls established by the university ensure the completeness, accuracy, and timeliness of data submissions which support the performance measures.
- Provide an objective basis of support for the President and Board of Trustees Chair to sign the representations included in the Data Integrity Certification.

The Board of Governors requires the acceptance of the audit results and the approval of the Data Integrity Certification by the Board of Trustees, with submittal to the Board of Governors by March 1, 2023.

The scope and objectives of both audits were set jointly and agreed to by the University's President, Board of Trustees Chair, Board of Trustees Audit and Compliance Committee Chair, and chief audit executive. IA followed its standard risk assessment, audit program, and reporting protocols.

**Conclusion:** IA's overall conclusion for both audits was that there was an adequate system of internal controls in place to meet the audit objectives.

**Financial Impact:** The University received \$73.4 million in PBF allocations for fiscal year 2022-2023, including a return of the institutional investment of \$38.0 million.

Regarding Preeminence, approximately \$19.8 million of recurring funding for fiscal year 2022-2023 resulted from the University's Preeminence performance. This amount remains flat with no new Preeminence funding awarded to the University since fiscal year 2018-2019.

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**Strategic Goal(s) Item Supports:** To practice continuous visionary planning and sound stewardship throughout USF to ensure a strong and sustainable financial base, and to adapt proactively to emerging opportunities in a dynamic environment.

**BOT Committee Review Date:** 02/14/2023

**Supporting Documentation Online (*please circle*):**

Yes

No

Data Integrity Internal Audit Presentation

23-010 Performance-Based Data Integrity Audit Report

23-010 Performance-Based Data Integrity Management Letter

23-020 Preeminence Data Integrity Audit Report

23-020 Preeminence Data Integrity Management Letter

Data Integrity Certification

**Prepared by:** Virginia Kalil, Executive Director/Chief Internal Auditor, USF Office of Internal Audit

# Performance Metrics Data Integrity Audits

**Virginia L. Kalil**  
**Executive Director/Chief Internal Auditor**

Audit & Compliance Committee | February 14, 2023



## Overall Objectives

- Determine whether the processes and internal controls established by the university ensure the completeness, accuracy, and timeliness of data submissions which support performance-based funding (PBF) and preeminence measures
- Provide an objective basis of support for the university President and Board of Trustees Chair to sign the representations included in the Board of Governors (BOG) Data Integrity Certification

## Scope

- Identifying and evaluating any material changes to the controls and processes, including:
  - *Prior year recommendations*
  - *BOG data definition changes*
  - *Data elements, key personnel, and/or file submission changes*
- Reviewing data resubmissions
- Updating risk assessments, including fraud risks
- Verifying accuracy, completeness, and consistency with BOG expectations of data components, data metric methodologies, and data submitted through detailed testing

# Performance-Based Funding

## Conclusion and Results

Adequate system of internal control in place, assuming corrective actions are taken timely to address the two medium-priority risks.

No impact to the overall status of the performance metrics.

## Medium-Priority Risks Identified

1. Dual enrollment courses taken during Summer terms were not properly identified in the Courses to Degree (CTD) table for students with a High School graduation date in May, June, or July adversely impacting Metric 3 – Cost to the Student.
2. System access privileges - Confidential

# Preeminence

## Conclusion and Results

Adequate system of internal control in place, assuming corrective actions are taken timely to address the two medium-priority risks.

No impact to the overall status of the performance metrics.

## Medium-Priority Risks Identified

1. Inclusion of the Moffitt Cancer Center Imputed Rent on the FY 2021 Higher Education Research and Development (HERD) Survey requires additional assessment and formal documentation of the rationale.
2. Additional improvements to controls over the research and development expenditures in the HERD survey are needed to ensure accurate reporting.

# Summary

## Overall Data Integrity Conclusion

Adequate system of internal control in place, assuming corrective actions are taken timely to address the medium-priority risks identified.

No impact to the overall status of the performance metrics.



## MEMORANDUM

TO: Dr. Eric Eisenberg, Interim Provost & Senior Vice President of University-Community Partnerships  
Dr. Terry Chisolm, Vice Provost for Strategic Planning, Performance & Accountability

FROM: Virginia L. Kalil, CIA, CISA, CFE, CRISC  
Executive Director/Chief Internal Auditor

DATE: February 7, 2023

SUBJECT: 23-010 Performance Based Funding Data Integrity Audit

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*Virginia Kalil*  
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The University of South Florida (USF) Office of Internal Audit (IA) performed an audit of the internal controls that ensure the completeness, accuracy, and timeliness of data submissions to the Board of Governors (BOG). These data submissions are relied upon by the board in preparing the measures used in the performance-based funding (PBF) process. This audit also provides an objective basis of support for the President and Board of Trustees (BOT) Chair to sign the representations included in the Data Integrity Certification to be filed with the BOG by March 1, 2023. This project is part of the approved 2022-2023 Work Plan.

The PBF measures are based on data submitted through the State University Database System (SUDS) utilizing a state-wide data submission process for BOG files. For additional information on data files included in this audit, see [Appendix A](#).

Based on the review, IA concluded there was an adequate system of internal control in place, assuming corrective actions are taken timely to address the two medium-priority risks communicated separately in our Management Letters. These risks include dual enrollment courses taken in summer terms being improperly identified in the Hours to Degree Courses to Degree table impacting Metric Three – Cost to the Student, and systems access privileges, the latter of which is communicated in a separate confidential management letter. Despite the risks identified, there was no impact to the overall status of each metric.

<b>OVERALL CONCLUSION</b>	
<input type="checkbox"/> Adequate System of Internal Control	Findings indicate that, as a whole, controls are adequate. Identified risks, if any, were low-priority requiring timely management attention within 90 days.
<input checked="" type="checkbox"/> Adequate System of Internal Control – with reservations	Medium-priority risks are present requiring urgent management attention within 60 days.
<input type="checkbox"/> Inadequate System of Internal Control	High-priority risks are present requiring immediate management attention within 30 days.

We appreciated the outstanding cooperation received throughout this audit. Please contact IA at (813) 974-2705 if you have any questions.

cc: Richard Sobieray, Senior Vice President for Financial Strategy (CFO) and Administrative Services  
 Dr. Charles J. Lockwood, Executive Vice President, USF Health & Dean College of Medicine  
 Dr. Karen Holbrook, Regional Chancellor, USF Sarasota-Manatee Campus  
 Dr. Christian E. Hardigree, Regional Chancellor, USF St. Petersburg Campus  
 Dr. Cynthia DeLuca, Vice President, Student Success  
 Jennifer Condon, Vice President, Business and Finance, Deputy CFO & Controller  
 Sidney Fernandes, Vice President and Chief Information Officer, Information Technology  
 Dr. Allison Crume, Associate Vice President and Dean of Undergraduate Studies, Student Success  
 Billie Jo Hamilton, Associate Vice President, Enrollment Planning & Management  
 Nick Setteducato, Associate Vice President, Resource Management and Analysis  
 Masha Galchenko, Assistant Vice President, Resource Management and Analysis  
 Dr. Glen Besterfield, Assistant Vice President and Dean of Admissions, Student Success

## BACKGROUND

In 2014, the BOG implemented the PBF Model which includes 10 metrics intended to evaluate Florida institutions on a range of issues (e.g., graduation and retention rates, average student costs). Nine of the metrics are common to all institutions, while the remaining one varies by institution and focuses on areas of improvement or the specific mission of the university.

The metric calculations are based on data submitted through the State University Database System (SUDS) utilizing a state-wide data submission process for BOG files. In order to ensure the integrity of the data being submitted to the BOG to support the calculation of the metrics, USF has established specific file generation, review, certification, and submission processes.

### File Generation Process

USF utilizes an automated process, Application Manager, to extract data files from the original systems of record and reformat and redefine data to meet the BOG data definition standards. The only data file that can be impacted outside the Application Manager process is the Hours to Degree submission. (See Hours to Degree File Generation Process below.)

This Application Manager process includes the following key controls:

- ✓ The Application Manager jobs can only be launched by authorized Data Stewards. In addition, individuals responsible for the collection and validation of the data have no ability to modify the Application Manager jobs.
- ✓ The Retention File generated by the BOG is downloaded from the BOG SUDS portal to HubMart by Resource Management & Analysis (RMA). The Data Stewards and Sub-certifiers cannot change the files.
- ✓ Corrections are made to the original systems of record and the Application Manager job is re-run until the file is free of material errors.
- ✓ Any changes to the data derivations, data elements, or table layouts in the Application Manager jobs are tightly controlled by RMA and Information Technology (IT) utilizing a formal change management process.
- ✓ There are IT controls designed to ensure that changes to the Application Manager jobs are approved via the standard USF change management process and that access to BOG submission-related data at rest or in transit is appropriately controlled.

### Hours to Degree File Generation Process

The Hours to Degree file submission has two primary tables: 1) Hours to Degree (HTD) that contains information regarding the students and the degrees issued and 2) Courses to Degree (CTD) that includes information regarding the courses taken and utilization of the courses to degree. The HTD file is derived based on data in HubMart (Degrees\_Submitted\_Vw) and data from the student records system, OASIS (Online Access Student Information System)-a Banner product. The CTD file is generated from a combination of OASIS data and data obtained from the degree certification and advising system (DegreeWorks).

While an Application Manager process is used to create the HTD file, the process utilizes a series of complex scripts to select the population, normalize the data fields to meet BOG data definition

standards, and populate course attributes used by the BOG to identify excess hours exemptions. This includes deriving whether courses are “used to degree” or “not used to degree” from DegreeWorks.

The systematically-identified HTD population and CTD file are loaded into two custom Banner reporting tables for validation. Any necessary corrections are made manually by the Data Steward utilizing custom Banner forms.

### **BOG File Review and Certification Process**

USF utilizes a formal review process managed by RMA for all BOG file submissions. The review and certification process includes the following key controls:

- ✓ Data Stewards, Sub-certifiers and Executive Reviewers who had operational and/or administrative responsibility for the institutional data are assigned key roles and responsibilities. The [RMA website](#) defines each of these roles.
- ✓ A central repository (DocMart) contains detailed information regarding data elements for each BOG SUDS file.
- ✓ A secured file storage location (HubMart) provides read-only access and functionality to the data collected and extracted into the Data Warehouse from transactional source systems in order to allow Data Stewards and Sub-certifiers to review and validate data.
- ✓ A formal sub-certification and executive review process is in place to ensure that institutional data submitted to the BOG accurately reflects the data contained in the primary systems of record. No BOG file is submitted to the BOG by the Data Administrator until the Executive Reviewer(s) approves the file.
- ✓ A formal process for requesting and approving resubmissions includes a second executive review process.

### **BOG File Submission Process**

Once all data integrity steps are performed and the file is ready for upload to the SUDS portal, a secure transmission process is used by RMA to ensure data cannot be changed prior to submission.

Key controls within this process include:

- ✓ A dedicated transfer server is used to transmit the BOG SUDS files. Only RMA and IT server administrators have access to the transfer server.
- ✓ Only RMA staff can upload a file from the transfer server to SUDS, edit submissions, generate available reports, or generate reports with re-editing.
- ✓ Only the Data Administrator and Back-up administrator can submit the final BOG file.

## SCOPE AND OBJECTIVES

The audit focused on the internal controls established by USF as of September 30, 2022 to ensure the completeness, accuracy, and timeliness of data submissions to the BOG, which support the PBF measures.

The primary objectives of our audit were to:

- Determine whether the processes and internal controls established by the university ensure the completeness, accuracy, and timeliness of data submissions to the BOG which support the PBF measures.
- Provide an objective basis of support for the President and BOT Chair to sign the representations included in the Performance-Based Funding Data Integrity Certification, which will be submitted to the BOT and filed with the BOG by March 1, 2023.

The scope and objectives of the audit were set jointly and agreed to by the President, BOT Chair, the BOT Audit & Compliance Committee Chair, and the university's Chief Audit Executive. IA followed its standard risk assessment, audit program, and reporting protocols.

## PROCEDURES PERFORMED

We followed a disciplined, systematic approach using the *International Standards for the Professional Practice of Internal Auditing*. The information system components of the audit were performed in accordance with the *ISACA (Information Systems Audit and Control Association) Standards and Guidelines*. The COSO (Committee of Sponsoring Organizations of the Treadway Commission) and COBIT (Control Objectives for Information and Related Technologies) Control Frameworks were used to assess control structure effectiveness.

For term-based submissions, testing of the control processes was performed on the files covering the period Summer 2021 through Spring 2022. For files submitted annually, the current year file was selected for testing if available by November 18, 2022. Our testing focused on the tables and data elements in the files which were utilized by the BOG to compute the performance measure. For additional information on the files included in this review see [Appendix A](#).

Minimum audit guidelines were established by the BOG in year one which outlined eight key objectives. Although not required, these key objectives have been incorporated into the audit each subsequent year:

1. Verify the Data Administrator has been appointed by the university president and PBF responsibilities incorporated into their job duties.
2. Validate that processes and internal controls in place are designed to ensure completeness, accuracy, and timeliness of data submissions.
3. Determine whether policies, procedures, and desk manuals are adequate to ensure integrity of submissions.
4. Evaluate the adequacy of system access controls.
5. Verify data accuracy through sample testing of key files and data elements.
6. Assess the consistency of Data Administrator's certification of data submissions.

7. Confirm the consistency of data submissions with the BOG data definitions (files and data elements).
8. Evaluate the necessity and authorization of data resubmissions.

In year one, a comprehensive review (Audit 15-010) of processes and controls was conducted followed by a risk assessment. In each subsequent year, system process documentation was updated to reflect any material changes that took place; a new risk assessment was performed based on the updated system documentation and processes; and a new work plan was developed based on the updated risk assessment. Fraud-related risks, including the availability and appetite to manipulate data to produce more favorable results, was included as part of the risk assessment.

This year's audit included:

1. Evaluating any changes to key processes used by the Data Administrator and data owners/custodians to ensure the completeness, accuracy, and timeliness of data submissions to the BOG. This includes identifying changes in key personnel performing these processes, and verifying new controls put in place to resolve deficiencies identified in the prior year's audit. However, there were no deficiencies identified in last year's audit.
2. Reviewing all requests to modify data elements and/or file submission processes to ensure they followed the standard change management process and are consistent with BOG expectations.
3. Reviewing the Data Administrator's data resubmissions to the BOG from January 1, 2022 to December 31, 2022 to ensure these resubmissions were both necessary and authorized, as well as evaluating that controls were in place to minimize the need for data resubmissions and were functioning as designed.
4. Tracing samples from the Retention (RET), Student Instructional File (SIF), SIF Degrees Awarded (SIFD), Student Financial Aid (SFA), and Hours to Degree (HTD) BOG files to OASIS (Online Access Student Information System), the system of record. The integrity of these files collectively impact metrics one through ten.
5. Review of logical access and server management to verify security of data and data transmissions.

### **PRIOR AUDIT PROJECTS**

In FY 2021-2022, an audit of the controls established by the university to ensure the completeness, accuracy, and timeliness of data submissions to the BOG which supported the PBF metrics (Audit 22-010, issued February 3, 2022) was performed and there were no high or medium-priority risk recommendations reported.

### **CONCLUSION**

Based on the review, IA concluded there was an adequate system of internal control in place, assuming corrective actions are taken timely to address the two medium-priority risks communicated separately in our Management Letters. These risks include dual enrollment courses taken in summer terms being improperly identified in the HTD Courses to Degree table impacting Metric Three – Cost to the Student, and systems access privileges, the latter of which is communicated in a separate confidential management letter. Despite the risks identified, there was no impact to the overall status of each metric.

**APPENDIX A**

## PERFORMANCE MEASURES DATA SOURCES

Measure	Description	BOG File	Data Used/Created by the BOG
One	Percent of bachelor's graduates employed full-time in or continuing their education in the U.S. one year after graduation	SIFD	National Student Clearing house, Florida Education and Training Placement Information Program
Two	Median wages of bachelor's graduates employed full-time one year after graduation	SIFD	Unemployment insurance wage data
Three	Cost to the Student	SIF, SFA, HTD	College Board national average book cost
Four	Four year First time in College (FTIC) graduation rate	SIFP, SIF, SIFD, Retention Cohort Change File	BOG created Cohort and Retention Cohort Change File
Five	Academic progress rate	SIF	BOG created Cohort
Six	Bachelor's degrees awarded within programs of strategic emphasis	SIFD	
Seven	University access rate	SFA, SIF	
Eight	Graduate degrees awarded within programs of strategic emphasis	SIFD	
Nine <sup>1</sup>	a. Two-year graduation rates for Florida college system AA transfers b. Six-year graduation rate for FTIC students with a Pell grant	SIFP, SIF, SIFD, Retention Cohort Change File	BOG created Cohort and Retention File
Ten	Six-year FTIC graduation rate	SIFP, SIF, SIFD, Retention Cohort Change File	BOG created Cohort and Retention File

<sup>1</sup> Metric replaced percent of bachelor's degrees without excess hours for 2021 cycle.

**BOG FILES REVIEWED**

Submission	System of Record	Table	Submission Reviewed
Hours to Degree (HTD)	OASIS, DegreeWorks	Hours to Degree Courses to Degree	2021-2022
Student Financial Aid (SFA)	OASIS	Financial Aid Awards	2021-2022
Student Instructional File - Degree (SIFD)	OASIS	Degrees Awarded	Summer 2021, Fall 2021, Spring 2022
Student Instructional File (SIF)	OASIS, GEMS	Person Demographics Enrollments	Summer 2021, Fall 2021, Spring 2022
Retention File (RET)	BOG	Retention Cohort Change	2020-2021



## MEMORANDUM

TO: Dr. Eric Eisenberg, Interim Provost & Senior Vice President of University-Community Partnerships  
Dr. Terry Chisolm, Vice Provost for Strategic Planning, Performance & Accountability

FROM: Virginia L. Kalil, CIA, CISA, CFE, CRISC  
Executive Director/Chief Internal Auditor

DATE: February 7, 2023

SUBJECT: 23-010 Management Letter – Performance Based Funding Data Integrity Audit

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*Virginia Kalil*  
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The University of South Florida (USF) Office of Internal Audit (IA) performed an audit of the University’s processes and internal controls that ensure the completeness, accuracy, and timeliness of data submissions to the Board of Governors (BOG). These data submissions are relied upon by the board in preparing the measures used in the performance-based funding (PBF) process. This audit also provides an objective basis of support for the President and Board of Trustees (BOT) Chair to sign the representations included in the Data Integrity Certification to be filed with the BOG by March 1, 2023. This project was included on the 2022-2023 Internal Audit Work Plan. An audit report was issued on February 7, 2023, which defined the scope and results of our audit.

Based on the review, IA concluded there was an adequate system of internal control in place, assuming corrective actions are taken timely to address the two medium-priority risks communicated separately in our Management Letters. These risks include dual enrollment courses taken in summer terms being improperly identified in the Hours to Degree Courses to Degree table impacting Metric Three – Cost to the Student, and systems access privileges, the latter of which is communicated in a separate confidential management letter. Despite the risks identified, there was no impact to the overall status of each metric.

As IA’s reports are focused only on high-priority risks, these medium-priority risks were not addressed in the audit report. Urgent management attention is required within 60 days.

Within ten business days, please provide IA your actions planned and expected implementation dates for those recommendations not marked as resolved.

Please contact IA at (813) 974-2705 if you have any questions.

cc: Richard Sobieray, Senior Vice President for Financial Strategy (CFO) and Administrative Services  
Dr. Charles J. Lockwood, Executive Vice President, USF Health & Dean College of Medicine  
Dr. Karen Holbrook, Regional Chancellor, USF Sarasota-Manatee Campus  
Dr. Christian E. Hardigree, Regional Chancellor, USF St. Petersburg Campus  
Dr. Cynthia DeLuca, Vice President, Student Success  
Jennifer Condon, Vice President, Business and Finance, Deputy CFO & Controller  
Sidney Fernandes, Vice President and Chief Information Officer, Information Technology  
Dr. Allison Crume, Associate Vice President and Dean of Undergraduate Studies, Student Success  
Billie Jo Hamilton, Associate Vice President, Enrollment Planning & Management  
Nick Setteducato, Associate Vice President, Resource Management and Analysis  
Masha Galchenko, Assistant Vice President, Resource Management and Analysis  
Dr. Glen Besterfield, Assistant Vice President and Dean of Admissions, Student Success

MEDIUM PRIORITY RISKS	STATUS
<p><b>1. Dual enrollment courses taken during Summer terms were not properly identified in the Courses to Degree (CTD) table for students with a HS graduation date in May, June, or July.</b></p> <p>Metric Three, “Cost to the Student” includes the average number of credit hours attempted by students who were admitted as a first time in college (FTIC) student and who graduated with a bachelor’s degree from a program that requires only 120 credit hours.</p> <p>During our PBF testing, IA identified a coding error which resulted in dual enrollment credits earned prior to high school graduation being inappropriately coded to CRS_Group “A” (Academic Course) rather than CRS_Group “D” (Dual Enrollment). Since dual enrollment credits earned prior to high school graduation are excluded from PBF Metric Three “Cost to the Student”, this error led to courses used towards the student’s degree not being appropriately excluded from the metric.</p> <p>Although the base logic compared both the year/month (YYYYMM) of the course term to the students’ high school graduation date, subsets of the logic designed to code Summer courses, only compared the month (MM) of the graduation date to the Summer course term (05). As a result, when a student graduated in the Summer (months 05, 06, 07) all Summer courses taken as a dual enrollment course, were not coded as "D" Dual Enrollment. Had the logic considered the year the course was taken, dual enrollment courses taken prior to the students’ high school graduation date would have been set to “D” Dual Enrollment.</p> <p>This coding error impacted 582 students who took 1,309 courses used towards a degree (USAGE_INDICATOR “D”) for a total of 3,863 credit hours.</p> <p>Without accurately identifying dual enrollment credits there is an increased risk that dual enrollment credits would be incorrectly included in the determination of Metric Three resulting in an increase to the average cost to student and moderate reputational risk. USF’s performance in Metric Three, would not be impacted by the improved results since USF is already at level 10.</p> <p><b>Recommendation: The Office of the Registrar, in coordination with Information Technology and Undergraduate Studies, should make necessary changes to the logic used to identify and flag dual enrolled coursework.</b></p> <p><b>Management Attention Required:</b>    <input type="checkbox"/> Immediate    <input checked="" type="checkbox"/> Urgent    <input type="checkbox"/> Timely</p> <p><b>Resources/Effort Required:</b>            <input type="checkbox"/> Significant    <input checked="" type="checkbox"/> Moderate    <input type="checkbox"/> Minimal</p>	<p>In Progress</p>

**MEMORANDUM**

TO: Dr. Eric Eisenberg, Interim Provost & Executive Vice President of Academic Affairs  
 Dr. Sylvia Wilson Thomas, Interim Vice President, Research and Innovation

FROM: Virginia L. Kalil, CIA, CISA, CFE, CRISC Executive Director/Chief Internal Auditor

DATE: February 7, 2023

SUBJECT: 23-020 Preeminence Data Integrity Audit

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*Virginia Kalil*  
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The University of South Florida (USF) Office of Internal Audit (IA) performed an audit of the University's processes and internal controls which ensure the completeness, accuracy, and timeliness of data submissions supporting the 12 preeminence metrics. These data submissions are relied upon by the Board of Governors (BOG) in assessing USF's eligibility under [Florida Statute 1001.7065 Preeminent state research universities program](#). This audit also provides an objective basis of support for the President and Board of Trustees (BOT) Chair to sign the representations included in the Data Integrity Certification to be filed with the BOG. This project was included on the 2022-2023 Internal Audit Work Plan.

Data supporting these metrics comes from a variety of sources including data submitted to the BOG via routine and ad hoc requests, financial data submitted by the USF Foundation regarding endowments, data reported to external entities, and data created and reported by independent entities external to USF's control. USF may assist the BOG's Office of Data Analytics (BOG-ODA) by gathering the data or confirming the data. For additional information on metrics and data sources included in this review see [Appendix A](#).

IA's overall conclusion was that there was an adequate system of internal controls in place over all 12 metrics (Metrics A-L), assuming corrective actions are taken timely to address two medium-priority risks related to controls supporting the National Science Foundation (NSF) Higher Education Research and Development (HERD) survey. These risks included the need for additional verification and formal documentation of the rationale for the inclusion of the Moffitt Cancer Center Imputed Rent and the need for additional controls over the research and development (R&D) expenditures reported in the NSF HERD survey. These risks are communicated separately in IA's Management Letter. Despite the risks identified, there was no impact to the overall status of each metric.

<b>OVERALL CONCLUSION</b>	
<input type="checkbox"/> Adequate System of Internal Control	Findings indicate that, as a whole, controls are adequate. Identified risks, if any, were low-priority requiring timely management attention within 90 days.
<input checked="" type="checkbox"/> Adequate System of Internal Control – with reservations	Medium-priority risks are present requiring urgent management attention within 60 days.
<input type="checkbox"/> Inadequate System of Internal Control	High-priority risks are present requiring immediate management attention within 30 days.

The outstanding cooperation received throughout this review was appreciated. Please contact IA at (813) 974-2705 if you have any questions.

cc: Richard Sobieray, Senior Vice President, Financial Strategy and Administrative Services Chief  
Financial Officer (CFO)  
Jay Stroman, Senior Vice President for Advancement and Alumni Affairs and USF Foundation  
CEO  
Dr. Charles J. Lockwood, Senior Vice President, USF Health & Dean College of Medicine  
Dr. Ruth Huntley Bahr, Dean, Office of Graduate Studies  
Jennifer Condon, Vice President, Business and Finance, Deputy Chief Financial Officer &  
Controller  
Robert Fischman, Vice President and Chief Financial Officer, USF Foundation  
Sidney Fernandes, Vice President and Chief Information Officer, Information Technology  
Dr. Terry Chisolm, Vice Provost for Strategic Planning, Performance and Accountability  
Dr. Cynthia DeLuca, Vice President, Student Success  
Nick Setteducato, Associate Vice President, Resource Management and Analysis  
Masha Galchenko, Assistant Vice President, Resource Management and Analysis

## BACKGROUND

### Regulatory Requirements

In 2013, the Legislature and Governor approved Senate Bill 10761, (see [Florida Statute 1001.7065](#)), creating the Preeminent State Research Universities Program, specifying 12 benchmarks and providing added resources and benefits to those eligible universities meeting six out of those 12 benchmarks for emerging preeminence and 11 out of 12 for preeminence. Florida Statute 1001.7065 established the academic and research excellence standards and data sources for the preeminent state research universities program. The university's performance results related to the preeminence metrics are reported to the BOG via the Accountability Plan, after review and approval by the USF BOT. The 2022 Accountability Plan was approved by the USF BOT, via consent agenda, on April 19, 2022. The BOG Strategic Planning Committee reviewed and approved the Accountability Plan on June 30, 2022.

The 2022 Accountability Plan was based on data for all USF campuses with the exception of Metric C (Freshman Retention Rate) and Metric D (4-year Graduation Rate) which were reported for the Tampa campus only at the determination of the BOG. Effective with the 2023 Accountability Plan, these metrics will be based on data for all USF Campuses.

[BOG Regulation 2.002 University Accountability Plans](#) requires each university BOT to “prepare an accountability plan and submit updates on an annual basis for consideration by the Board of Governors. The accountability plan outlines the university's top priorities, strategic directions, and specific actions for achieving those priorities, as well as progress towards previously approved institutional and System-wide goals.”

[Florida Statute 1001.706 Section \(5\) \(e\)](#) requires the BOG to define the data components and methodology used to implement Florida Statute 1001.7065 and required each university to conduct an annual audit to verify that the data submitted pursuant to Florida Statute 1001.7065 complies with the data definitions established by the Board. The BOG updated the Preeminent Metrics Methodology Document in October 2020.

The data supporting preeminence metrics comes from a variety of sources including:

- Data reported to external entities, which is managed in accordance with [USF Policy 11-007](#).
- Data submitted to the BOG via routine and ad hoc requests, which is managed by Resource Management & Analysis' (RMA) Office of Data Administration & State Reporting (RMA-ODA).
- Financial data submitted by the USF Foundation (USFF) regarding endowments to the National Association of College and University Business Officers (NACUBO).
- Data that is created and reported by independent external entities outside of USF's control. USF may assist the BOG-ODA by gathering the data or confirming the data, but has no ability to impact the data.

## **USF Roles and Responsibility for External Data Requests**

In order to ensure the integrity of the data submitted to external agencies outside of the BOG process, USF promulgated [USF Policy 11-007 Data Submission to External Entities](#), effective August 24, 2018, which communicates “to USF, the roles and responsibilities for responding to requests from external entities that involve provision of institutional data.” “The policy applies to all units/offices across USF and provides guidelines for processing data requests by external entities.” External data requests not exempted from this policy, “must go through the USF’s Office of Decision Support (ODS) which has established procedures for processing those requests details of which may be accessed on the [ODS Data Request site](#).”

According to [USF Policy 11-007](#), institutional data is defined as “all data elements created, maintained, received, or transmitted as a result of business, educational or research activities of a USF unit or office.” External data requests include, but are not limited to, “publications by external entities (NSF, CUPA, ACT, etc.), ranking publications – international and domestic (U.S. News and World Report, Times Higher Education, etc.), surveys administered by or on behalf of external entities (NSSE, THE-WJS, Princeton Review, etc.), other external reports available to the general public, and mandated reports (IPEDS, etc.)”.

### **ODS Validation Process**

There are three surveys used as data sources for the preeminence metrics: the NSF HERD Survey, the NSF/National Institutes of Health (NIH) Graduate Students and Post doctorates in Science and Engineering (GSS) Survey, and the NACUBO – TIAA Study of Endowments (NTSE) Survey. Due to the financial nature of the NTSE Survey, this survey follows the BOG ad hoc review process.

The external survey results reviewed by ODS are used in four metrics: Research Expenditures in Science & Engineering (Metric F), Research Expenditures in Non-Medical Science & Engineering (Metric G), Top 100 Rank in Research Funding (Metric H), and Post-doctoral appointees (Metric K).

### **BOG Submission Validation Process**

Specifically excluded from [USF Policy 11-007 Data Submission to External Entities](#) are requests from the BOG including official information requests, routine annual requests, and ad hoc special requests, which are managed by RMA-ODA. The Institutional Data Administrator manages the RMA process.

RMA-ODA is responsible for certifying and managing the submission of data to the BOG on behalf of USF pursuant to [BOG Regulation 3.007](#). RMA-ODA serves as a liaison between the BOG-ODA and USF regarding requests for information and coordinates the efforts of academic and administrative resources to ensure timely and accurate reporting. The RMA-ODA has established [roles and responsibilities](#) for those involved in maintaining institutional data, preparing required files for submission to the BOG, and validating the files are accurate and consistent with BOG data definitions. Each data submission is assigned to a primary executive reviewer who is responsible for the review and approval of the institutional data submission prior to the official submission to the

BOG. As an additional data integrity control the RMA-ODA collaborates with ODS, who serves as a member of the executive review team, before submission to the BOG.

The process used to create standard BOG submissions, submitted via the State University Data System (SUDS), is audited each year by the IA. For more information on the control process, see Audit 23-010 Performance Based Funding (PBF) Data Integrity Audit.

The following BOG SUDS file submissions are utilized by the BOG to calculate or validate preeminence metrics:

- Admission file used to compute Average Grade Point Average and Average Scholastic Aptitude Test Score (Metric A).
- Student Instruction file used to generate the First Time in College cohort used in Metrics A, C (Retention Rate), and D (4-yr Graduation Rate) and calculate metrics.
- Degrees Awarded file used to compute Number of Doctoral Degrees Awarded Annually (Metric J) and Metric D (4-yr Graduation Rate).

### **BOG Adhoc Report Process**

The USFF is responsible for calculating and reporting the data for the NTSE Survey which is used for Metric L (Endowments  $\geq$  \$500 Million). The USFF utilizes the NACUBO definition of endowments to complete the survey. Once compiled, the endowment team reviews the data and the survey is approved by the former Vice President for Business & Financial Services. The endowment team includes the Vice President and three additional USFF team members (Assistant Vice President, Senior Director of Investments, and USFF Accounting Manager). The NTSE Survey is also subject to the RMA-ODA adhoc data executive review process.

All BOG ad hoc reports are assigned to a sub-certifier who has been given the responsibility to oversee the definition, management, control, integrity, and maintenance of institutional data. A formal executive review meeting may be held or an executive review is performed via email in which institutional data is reviewed and approved prior to submission to the BOG. Upon approval by the executive review team, the data is provided to ODS for inclusion in the Accountability Plan.

### **Process Used to Validate Metrics Using External Sources**

The results of three of the metrics are based on data maintained by external sources including: Public University National Ranking (Metric B), National Academy Memberships (Metric E), and Utility Patents Awarded (Metric I).

University ranking (Metric B) is tracked on an on-going basis by ODS. Annually, the BOG provides the rankings which is validated by ODS who validates the rank on the external entities' websites. USF does not submit the data to the BOG for Metric E or I, the BOG obtains the number of faculty members who are members of a National Academy by reviewing public data without the assistance of USF and obtains the number of patents directly from the United States Patent and Trademark Office ([uspto.gov](https://www.uspto.gov)). ODS (Metric E) and the Office of Research & Innovation (Metric I) validate the BOG data.

## SCOPE AND OBJECTIVES

Our audit focused on the internal controls established by USF as of September 30, 2022 to ensure the completeness, accuracy, and timeliness of data submissions, which support the preeminence measures.

The primary objectives of our audit were to:

- Determine whether the processes and internal controls established by the university ensure the completeness, accuracy, and timeliness of data submissions which support the preeminence measures.
- Provide an objective basis of support for the President and BOT Chair to sign the representations included in the Data Integrity Certification, which will be submitted to the BOT and filed with the BOG.

BOG submission files are used in both PBF and Preeminence. As a result, our audit scope will exclude controls in place to produce the data files supporting the PBF metrics, which were reviewed during the PBF Data Integrity Audit (Audit 23-010).

The scope and objectives of the audit were set jointly and agreed to by the President, BOT Chair, the BOT Audit & Compliance Committee Chair, and the university's Chief Audit Executive. IA followed its standard risk assessment, audit program, and reporting protocols.

We followed a disciplined, systematic approach using the *International Standards for the Professional Practice of Internal Auditing*. The information system components of the audit were performed in accordance with the *ISACA (Information Systems Audit and Control Association) Standards and Guidelines*. The COSO (Committee of Sponsoring Organizations of the Treadway Commission) and COBIT (Control Objectives for Information and Related Technologies) Control Frameworks were used to assess control structure effectiveness.

## PROCEDURES PERFORMED

Although not required by the BOG, the following key objectives have been incorporated into the audit each year:

1. Evaluate key processes and controls used by the data owner to ensure the completeness, accuracy, and timeliness of data submission.
2. Validate all populations utilized and recalculate metrics using internal and external data sets, when available.
3. Verify data accuracy through sample testing of key files and data elements.
4. Review the processes used by the data administrators in ODS and RMA-ODA to ensure the completeness, accuracy, and timely submission of data supporting the metrics.
5. Confirm the consistency of data components and methodology with the BOG's expectations for the implementation of Florida Statute 1001.7065 (Preeminent state research universities program).
6. Determine the overall risk of a data submission being inaccurate or incomplete.
7. Recommend corrective actions where weaknesses were identified.

In 2019, as the initial year for the audit, a comprehensive review of processes and controls was conducted, followed by a risk assessment. Subsequently in 2020, 2021 and 2022, system process documentation was updated to reflect any material changes that took place; a new risk assessment was performed based on the updated system documentation and processes; and a new work plan was developed based on the updated risk assessment. Fraud-related risks, including the availability and appetite to manipulate data to produce more favorable results, were included as part of the risk assessment.

This year's audit also included:

1. Evaluating any changes to key processes used to ensure the completeness, accuracy, and timeliness of data submissions used in the metrics. This includes verifying new controls put in place to resolve deficiencies identified in the prior year's audit and identifying changes in key personnel performing these processes.
2. Validating the accuracy of the data submitted via external surveys: NACUBO NTSE Survey, NSF GSS Survey, and the NSF HERD survey.
3. Verifying data accuracy through sample testing of key files and data elements from the Admission (ADM) BOG files to OASIS (Online Access Student Information System), the system of record. The Admission file is not tested in the PBF audit and the integrity of this file affects Metric A.

## **PRIOR AUDIT PROJECTS**

IA's 2021-2022 Work Plan included an audit to assess the completeness, accuracy, and timeliness of data submissions that support the calculation of the 12 preeminence metrics as reported in the 2021 Accountability Plan. The 22-020 Preeminence Data Integrity Audit report was issued on February 3, 2022.

The report contained no issues.

## **CONCLUSION**

IA's overall conclusion was that there was an adequate system of internal controls in place over all 12 metrics (Metrics A-L), assuming corrective actions are taken timely to address two medium-priority risks related to controls supporting the National Science Foundation (NSF) Higher Education Research and Development (HERD) survey. These risks included the need for additional verification and formal documentation of the rationale for the inclusion of the Moffitt Cancer Center Imputed Rent and the need for additional controls over the research and development (R&D) expenditures reported in the NSF HERD survey. These risks are communicated separately in IA's Management Letter. Despite the risks identified, there was no impact to the overall status of each metric.

**APPENDIX A****PREMINENCE DATA SOURCES**

<b>Metric</b>	<b>Description</b>	<b>Responsible Unit</b>	<b>Source</b>	<b>Data Used/Created by the BOG</b>
A	Average Grade Point Average GPA and SAT score for incoming freshman in Fall semester.	BOG-ODA	BOG Submission File	BOG-ODA performs concordance of SAT scores and calculates averages based on the Admission (ADM) file tables provided by USF.
B	Top 50 in national public university rankings	ODS	External websites	List of acceptable organizations maintained by BOG-ODA. USF's performance for listed organizations is prepared by BOG. ODS validates using external websites.
C	Freshman retention rate (Full-time, FTIC)	ODS	BOG Submission Files	Data based on BOG Student Instruction Files (SIF, SIFP) used to calculate the FTIC Cohort and the retention rate.
D	Four-year FTIC graduation rate	ODS	BOG Submission File	Data based on BOG files SIF, SIFP used to calculate the FTIC cohort and Degrees Awarded file (SIFD). BOG computes graduation rates based on BOG files (SIF, SIFP, and SIFD).
E	National Academy memberships	BOG-ODA	Official membership directories	Calculated by BOG but validated by ORI using external websites. List of acceptable organizations maintained by BOG.
F	Total annual research expenditures: science & engineering only	ORI	NSF HERD Survey	Survey utilized GEMS, FAST, FAIR, and BLACKBAUD financial data, and R&D activities reported by DSO via manual survey tools.
G	Total annual research expenditures in diversified non-medical sciences	ORI	NSF HERD Survey	Same as Metric F
H	Top 100 national ranking in research expenditures in at least five STEM disciplines	ORI	NSF HERD Survey	Same as Metric F, except ORI utilizes department ID number to associate R&D activities with a discipline.
I	Patents awarded over three-year period	BOG-ODA	USPTO website	As reported by USPTO for the most recent three years.
J	Doctoral degrees awarded annually	BOG-ODA	BOG Submission File	BOG computes and ODS validates based on SIFD.
K	Number of post-doctoral appointees	OPA	NSF GSS Survey	Survey utilized GEMS, FAST, and FAIR.
L	Endowment size	USFF	NACUBO NTSE Survey	Survey utilized BLACKBAUD financial data and external investment statements.

**APPENDIX A****KEY TERMS**

Term	Description
BLACKBAUD	Blackbaud Financial Edge NXT financial accounting system used by USFF & USF Research Foundation (USFRF)
BOG-ODA	Florida Board of Governors' Office of Data Analytics
FAIR	Faculty Academic Information Reporting System used to obtain departmental funded research efforts
FAST	Financial Accounting System used by USF to manage contracts and grant activities
FTIC	First-time in College as defined by IPEDS and BOG
GEMS	Global Employment Systems used by USF to manage human resource and payroll activities
NACUBO NTSE	National Association of College and University Business Officers TIAA Study of Endowments
NSF GSS	NSF/National Institutes of Health (NIH) Survey of Graduate Students and Post-doctorates in Science and Engineering
NSF HERD	National Science Foundation Higher Education Research & Development Survey
ODS	Office of Decision Support in the Office of the Provost
OPA	Office of Post-Doctoral Affairs in the Office of Graduate Studies
ORI	Office of Research & Innovation
PBF	Performance Based Funding
USFF	USF Foundation, direct support organization of USF
USPTO	United States Patent & Trademark Office
R&D	Research & Development expenditures as defined by the HERD Survey

**MEMORANDUM**

TO: Dr. Eric Eisenberg, Interim Provost & Executive Vice President of Academic Affairs  
 Dr. Sylvia Wilson Thomas, Interim Vice President, Research and Innovation

FROM: Virginia L. Kalil, CIA, CISA, CFE, CRISC  
 Executive Director/Chief Internal Auditor

DATE: February 7, 2023

SUBJECT: 23-020 Management Letter – Preeminence Data Integrity Audit

DocuSigned by:  
*Virginia Kalil*  
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The University of South Florida (USF) Office of Internal Audit (IA) performed an audit of the University's processes and internal controls which ensure the completeness, accuracy, and timeliness of data submissions supporting the 12 preeminence metrics. These data submissions are relied upon by the Board of Governors (BOG) in assessing USF's eligibility under [Florida Statute 1001.7065 Preeminent state research universities program](#). This audit also provides an objective basis of support for the President and Board of Trustees (BOT) Chair to sign the representations included in the Data Integrity Certification to be filed with the BOG. This project was included on the 2022-2023 Internal Audit Work Plan. An audit report was issued on February 7, 2023, which defined the scope and results of our audit.

IA's overall conclusion was that there was an adequate system of internal controls in place over all 12 metrics (Metrics A-L), assuming corrective actions are taken timely to address two medium-priority risks related to controls supporting the National Science Foundation (NSF) Higher Education Research and Development (HERD) survey. These risks included the need for additional verification and formal documentation of the rationale for the inclusion of the Moffitt Cancer Center Imputed Rent and the need for additional controls over the research and development (R&D) expenditures reported in the NSF HERD survey. Despite the risks identified, there was no impact to the overall status of each metric.

As IA's reports are focused only on high-priority risks, these medium-priority risks were not addressed in the audit report. Urgent management attention is required within 60 days.

Within ten business days, please provide IA your actions planned and expected implementation dates for those recommendations not marked as resolved.

Please contact IA at (813) 974-2705 if you have any questions.

cc: Richard Sobieray, Senior Vice President, Financial Strategy and Administrative Services, Chief Financial Officer (CFO)  
Jay Stroman, Senior Vice President for Advancement and Alumni Affairs and USF Foundation CEO  
Dr. Charles J. Lockwood, Senior Vice President, USF Health & Dean College of Medicine  
Dr. Ruth Huntley Bahr, Dean, Office of Graduate Studies  
Jennifer Condon, Vice President, Business and Finance, Deputy Chief Financial Officer & Controller  
Robert Fischman, Vice President and Chief Financial Officer, USF Foundation  
Sidney Fernandes, Vice President and Chief Information Officer, Information Technology  
Dr. Terry Chisolm, Vice Provost for Strategic Planning, Performance and Accountability  
Dr. Cynthia DeLuca, Vice President, Student Success  
Nick Setteducato, Associate Vice President, Resource Management and Analysis  
Masha Galchenko, Assistant Vice President, Resource Management and Analysis

	<b>MEDIUM PRIORITY RISKS</b>	<b>STATUS</b>
1.	<p><b>Inclusion of the Moffitt Cancer Center Imputed Rent on the FY 2021 HERD Survey requires additional verification and formal documentation of the rationale.</b></p> <p>The National Science Foundation (NSF) provides guidance to institutions on how to define research activities as R&amp;D. This guidance is contained in a document titled <a href="#">“Definitions of Research and Development: An Annotated Compilation of Official Sources”</a></p> <p>Additionally, the <a href="#">2021 Survey instructions</a> provided the following guidance: “Include all expenditures for R&amp;D activities from your institution’s current operating funds that are separately accounted for. For purposes of this survey, R&amp;D includes expenditures for organized research as defined by 2 CFR Part 200 Appendix III and expenditures from funds designated for research.” The instructions also note that that organization should <b>not</b> include “Other organizations or institutions, such as teaching hospitals or research institutes, with which your institution has an affiliation or relationship, but which are not components of your institution.”</p> <p>In question 12 e. of the HERD Survey, as part of the \$77.7 million in other direct R&amp;D expenditures reported, the University included \$19.1 million of imputed rent for the Moffitt Cancer Center (MCC) facility. The imputed rent calculation assumed that 747,000 square feet of space was used for allowable R&amp;D activities. This included the inclusion of the original hospital building, three floor vertical expansion of the hospital and the research tower. Excluded from the calculation was the parking garage and the faculty office building expansion.</p> <p>In order to explain this variance in comparison with prior years, the Office of Research and Innovation (ORI) provided a variance explanation to the NSF, noting the following: “Pursuant to Florida Statutes sec. 1004.43, the University of South Florida (USF) leases lands and facilities on the USF campus to the H. Lee Moffitt Cancer Center and Research Institute (MCC), including all furnishings, equipment, and other chattels used in the operation of such facilities, for MCC’s research, education, treatment, prevention, and early detection of cancer or for teaching and research programs conducted by state universities or other accredited medical schools or research institutes. By statute, the lease is rent free. The expenditure represents the fair market value of USF property leased to MCC for MCC research activities.”</p> <p>The FY 2021 HERD Survey, including the provided variance explanation, was reviewed by the NSF Data Quality Manager and accepted by NSF on July 22, 2022 as part of the standard annual submission process.</p>	In Progress

	<b>MEDIUM PRIORITY RISKS</b>	<b>STATUS</b>
	<p>ORI and General Counsel provided an additional explanation to IA noting that the MCC imputed rent was included in the HERD Survey as a direct expenditure in accordance with the interpretation of the 2015 Frascati Manual, which provides Guidelines for Collecting and Reporting Data on Research and Experimental Development. According to the Guidelines, “In many countries, responsibility for “housing” public institutions (including universities) lies with a central agency that may not be an R&amp;D performer and therefore may not be surveyed. Or, if surveyed as part of the Government sector, its accounts may not reflect the functional breakdown between R&amp;D and other activities. This situation is particularly relevant for the Higher Education sector. In some cases, such facilities are available to institutions free of charge and are not accounted for in the institutions’ books. In other cases, the institutions pay a rent to the owner of the facilities. To obtain a realistic cost of R&amp;D, all fees and rents associated with R&amp;D should in principle be included in expenditure data. Where the fee or rent is charged to a unit, this is easily done. If, however, there is no such charge, it may still be desirable to calculate an amount that represents the user cost of the facilities or the “market value”. This may be included in other current costs. Care must be taken to avoid the double counting of costs between the suppliers and recipients of these services.”</p> <p>Based on a review of the above referenced section of the Frascati Manual, IA is of the opinion that this section of the Frascati Manual does not adequately support the inclusion of the MCC imputed rent in the HERD Survey. Namely, based on the interpretation by IA, this section of the Frascati Manual explains the inclusion of “free rent” as part of R&amp;D expenditures in cases when this rent represents an expenditure for an institution that is reporting on the HERD Survey. In the case of the MCC, USF is not incurring a direct expenditure under the current agreement, nor would it incur a direct expenditure if it charged the MCC rent for the facilities being leased.</p> <p>Additionally, as part of the review, IA confirmed with the University Controller's Office that the MCC facility is not an asset accounted for in USF’s financial records. This information further raises a concern that USF contrary to the HERD Survey instructions has included expenditures of an institution with which USF has an affiliation, but which is not a component of USF.</p> <p>Lastly, while ORI and General Counsel provided IA with a rationale for including the MCC imputed rent in the HERD Survey as research related expenditures, the rationale for this decision was not formally documented.</p> <p>Due to the above noted reasons, IA was not provided with sufficient information to reach the same conclusion as the ORI for the inclusion of the MCC imputed rent in the HERD Survey.</p>	

	<b>MEDIUM PRIORITY RISKS</b>	<b>STATUS</b>
	<p><b>Recommendation: The Office of Research and Innovation should:</b></p> <ol style="list-style-type: none"> <li><b>1. Reassess if inclusion of the MCC imputed rent was appropriate and reasonable.</b></li> <li><b>2. Document the rationale used for the inclusion of the MCC imputed rent in the FY 2021 HERD Survey and any future submissions.</b></li> <li><b>3. Verify with NSF whether the MCC imputed rent should be included in future HERD Surveys.</b></li> </ol> <p>Management Attention Required:    <input type="checkbox"/> Immediate    <input checked="" type="checkbox"/> Urgent    <input type="checkbox"/> Timely</p> <p>Resources/Effort Required:            <input type="checkbox"/> Significant    <input checked="" type="checkbox"/> Moderate    <input type="checkbox"/> Minimal</p>	
<b>2.</b>	<p><b>Additional improvements to controls over the research and development (R&amp;D) expenditures in the Higher Education R&amp;D (HERD) survey are needed to ensure accurate reporting.</b></p> <p>The Office of Research and Innovation (ORI) is responsible for compiling data from all sources and consolidating it into One USF annual Higher Education Research and Development (HERD) Survey using the HERD Survey Guidelines. In addition, ORI is responsible for maintaining adequate support to justify inclusions of R&amp;D expenditures in the HERD survey.</p> <p>While USF's systems and records are the primary source of R&amp;D expenditures, the Direct Support Organizations (DSOs) must report R&amp;D expenditures accounted for in their financial systems. ORI relies on the DSOs to provide accurate and complete information.</p> <p><u>USF Foundation (USFF) Salaries</u></p> <p>The USFF provides salary support for University employees who perform R&amp;D activities by reimbursing USF for salary-related expenditures. As a result, the related expenditures are included on the USFF fund providing the support to USF as well as the USF Convenience fund used to record the related payroll costs. In order to prevent the duplicate counting of these expenditures in the HERD survey, the USFF and/or ORI must exclude the USFF salary support expenditures when consolidating the USFF data and the USF expenditure data.</p> <p>During the review, IA noted that while in prior HERD surveys reviewed, the USFF salary support expenditures had been removed; however, in the current year they had not. As a result, \$7.3 million in salary support was incorrectly reported as R&amp;D expenditure in the HERD Survey.</p>	In Progress

	<b>MEDIUM PRIORITY RISKS</b>	<b>STATUS</b>
	<p>In prior years, the ORI data steward specifically instructed the USFF to remove these costs. In compiling the FY 2021 HERD Survey, the new data steward did not communicate this instruction to the USFF resulting in duplicating salaries in the survey. Also, while this error caused a material variance between the amount reported by the USFF in the prior year (\$1.4 million) and the amount reported in the current year (\$8.3 million), the ORI data steward failed to recognize and validate the significant increase in USFF expenditures in comparison to the prior year.</p> <p>Due to a lack of adequate oversight, the HERD survey expenditures were overstated by \$7.3 million. All \$7.3 million in costs were reflected in the HERD survey as Non Science and Engineering (S&amp;E) R&amp;D expenditures. Therefore, there was no impact to the Preeminence Metrics.</p> <p><u>Research Start-up Costs</u></p> <p>Research Start-up costs are often funded by Education &amp; General (E&amp;G) funds, including E&amp;G Carryforward Funds (Funds 10000 through 13000). In previous HERD Surveys, non-payroll startup costs were not included as R&amp;D expenditures.</p> <p>In compiling the FY 2021 HERD Survey, ORI used queries to identify these non-payroll expenditures which totaled \$4.7 million and included them in the HERD Survey. In order to validate the appropriateness of these expenditures, the ORI data steward inquired whether the startup funds were used for research-related expenditures. No formal process was in place to validate and document that these costs met the HERD survey definition of R&amp;D. In addition, there was no independent review of the classification process to ensure inclusions were appropriate.</p> <p>IA selected a sample of 5 expenditures totaling \$2.1 million and reviewed the expenditures to determine if the expenditures appeared to be research related. During this review, IA identified \$250,000 in non-R&amp;D expenditures that were erroneously included in the HERD survey. The expenditures relate to the residency clinical rotation programs, which typically have a one-month research rotation but are not generally classified as research. ORI failed to exclude these expenditures from the HERD Survey because they relied on informal statements from the department that the expenditures were in fact, research related.</p> <p>Without documented and consistent instructions and processes for evaluating DSO and start-up costs there is an increased risk of errors or unallowable expenditures being included in the HERD survey resulting in significant reputational risk.</p>	

	<b>MEDIUM PRIORITY RISKS</b>	<b>STATUS</b>
	<p><b>Recommendation:</b></p> <ol style="list-style-type: none"> <li>1. <b>The ORI, in coordination with DSOs, should establish a process to review data submitted by DSOs to ensure payroll data submitted by the DSOs is not duplicated in the submission.</b></li> <li>2. <b>The ORI should acquire and retain adequate documentation to support the department's assertion that the start -up expenditures are R&amp;D related. This should include the development of adequate forms with sufficient instructions to be completed by reporting departments.</b></li> </ol> <p>Management Attention Required:    <input type="checkbox"/> Immediate    <input checked="" type="checkbox"/> Urgent    <input type="checkbox"/> Timely</p> <p>Resources/Effort Required:            <input type="checkbox"/> Significant    <input checked="" type="checkbox"/> Moderate    <input type="checkbox"/> Minimal</p>	



# Data Integrity Certification

## March 2023

**University Name:** \_\_\_\_\_

**INSTRUCTIONS:** Please respond “Yes” or “No” for each representation below. Explain any “No” responses to ensure clarity of the representation you are making to the Board of Governors. Modify representations to reflect any noted **material or significant** audit findings.

<b>Data Integrity Certification Representations</b>			
<b>Representations</b>	<b>Yes</b>	<b>No</b>	<b>Comment / Reference</b>
1. I am responsible for establishing and maintaining, and have established and maintained, effective internal controls and monitoring over my university’s collection and reporting of data submitted to the Board of Governors Office which will be used by the Board of Governors in Performance-based Funding decision-making and Preeminence or Emerging-preeminence Status.	<input type="checkbox"/>	<input type="checkbox"/>	
2. These internal controls and monitoring activities include, but are not limited to, reliable processes, controls, and procedures designed to ensure that data required in reports filed with my Board of Trustees and the Board of Governors are recorded, processed, summarized, and reported in a manner which ensures its accuracy and completeness.	<input type="checkbox"/>	<input type="checkbox"/>	
3. In accordance with Board of Governors Regulation 1.001(3)(f), my Board of Trustees has required that I maintain an effective information system to provide accurate, timely, and cost-effective information about the university, and shall require that all data and reporting requirements of the Board of Governors are met.	<input type="checkbox"/>	<input type="checkbox"/>	
4. In accordance with Board of Governors Regulation 3.007, my university provided accurate data to the Board of Governors Office.	<input type="checkbox"/>	<input type="checkbox"/>	
5. In accordance with Board of Governors Regulation 3.007, I have appointed a Data Administrator to certify and manage the submission of data to the Board of Governors Office.	<input type="checkbox"/>	<input type="checkbox"/>	

## Data Integrity Certification

Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
6. In accordance with Board of Governors Regulation 3.007, I have tasked my Data Administrator to ensure the data file (prior to submission) is consistent with the criteria established by the Board of Governors Data Committee. The due diligence includes performing tests on the file using applications, processes, and data definitions provided by the Board Office.	<input type="checkbox"/>	<input type="checkbox"/>	
7. When critical errors have been identified, through the processes identified in item #6, a written explanation of the critical errors was included with the file submission.	<input type="checkbox"/>	<input type="checkbox"/>	
8. In accordance with Board of Governors Regulation 3.007, my Data Administrator has submitted data files to the Board of Governors Office in accordance with the specified schedule.	<input type="checkbox"/>	<input type="checkbox"/>	
9. In accordance with Board of Governors Regulation 3.007, my Data Administrator electronically certifies data submissions in the State University Data System by acknowledging the following statement, "Ready to submit: Pressing <b>Submit for Approval</b> represents electronic certification of this data per Board of Governors Regulation 3.007."	<input type="checkbox"/>	<input type="checkbox"/>	
10. I am responsible for taking timely and appropriate preventive/ corrective actions for deficiencies noted through reviews, audits, and investigations.	<input type="checkbox"/>	<input type="checkbox"/>	
11. I recognize that Board of Governors' and statutory requirements for the use of data related to the Performance-based Funding initiative and Preeminence or Emerging-preeminence status consideration will drive university policy on a wide range of university operations – from admissions through graduation. I certify that university policy changes and decisions impacting data used for these purposes have been made to bring the university's operations and practices in line with State University System Strategic Plan goals and have not been made for the purposes of artificially inflating the related metrics.	<input type="checkbox"/>	<input type="checkbox"/>	

## Data Integrity Certification

Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
12. I certify that I agreed to the scope of work for the Performance-based Funding Data Integrity Audit and the Preeminence or Emerging-preeminence Data Integrity Audit (if applicable) conducted by my chief audit executive.	<input type="checkbox"/>	<input type="checkbox"/>	
13. In accordance with section 1001.706, Florida Statutes, I certify that the audit conducted verified that the data submitted pursuant to sections 1001.7065 and 1001.92, Florida Statutes [regarding Preeminence and Performance-based Funding, respectively], complies with the data definitions established by the Board of Governors.	<input type="checkbox"/>	<input type="checkbox"/>	

Data Integrity Certification Representations, Signatures
<p>I certify that all information provided as part of the Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) is true and correct to the best of my knowledge; and I understand that any unsubstantiated, false, misleading, or withheld information relating to these statements render this certification void. My signature below acknowledges that I have read and understand these statements. I certify that this information will be reported to the board of trustees and the Board of Governors.</p> <p>Certification: _____ Date _____  <div style="margin-left: 40px;">President</div></p>
<p>I certify that this Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) has been approved by the university board of trustees and is true and correct to the best of my knowledge.</p> <p>Certification: _____ Date _____  <div style="margin-left: 40px;">Board of Trustees Chair</div></p>

**Agenda Item: IV. a.**

**USF Board of Trustees**  
**Audit & Compliance Committee Meeting**  
**February 14, 2023**

**Issue:** University and DSO Independent Audit Findings Report

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**Proposed action:** Informational

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**Executive Summary:**

The Independent Audit Findings Report describes audit findings and auditor recommendations, and management's responses and correction status.

The University and DSOs received a total of 15 audits from independent auditors for the fiscal year ended June 30, 2022. The reports containing findings include the following:

- 0 Findings in the 5 University or USF Auxiliary June 30, 2022 Audited Financial Statements
- 1 Finding in the University Operational Audit issued November 2022
- 0 Findings in the 8 DSO June 30, 2022 Audited Financial Statements
- 0 Finding in the USF Health Services Support Organization, Inc.'s June 30, 2022 Audited Financial Statements

One audit report for the fiscal year ended June 30, 2022 has not yet been issued:

- State of Florida Federal Awards Audit (Formerly A-133)

**Financial Impact:**

N/A

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**Strategic Goal(s) Item Supports:** Goal 5: A strong, sustainable and adaptable financial base  
**BOT Committee Review Date:** February 14, 2023  
**Supporting Documentation Online (please circle):** Yes No  
**Prepared by:** Fell L. Stubbs, University Treasurer, (813) 974-3298

**UNIVERSITY OF SOUTH FLORIDA and RELATED ENTITIES**  
**Independent Audit Findings**  
**Status Report to the BOT Audit & Compliance Committee – February 14, 2023**

**NEW FINDINGS**

USF Entity and Audit Report	Audit Finding	Auditor Recommendations	Management’s Response to Auditor	Current Status of Finding	Target Completion Date
<p><b><u>UNIVERSITY OF SOUTH FLORIDA</u></b>                       2023-0522                      Operational Audit                      Finding No. 1</p>	<p style="text-align: center;"><b><u>Finding 1: Distance Learning</u></b></p> <p>Contrary to State law, the University assessed and collected distance learning course fees in excess of the additional costs of the services provided which were attributable to developing and delivering the distance learning courses. Specifically, for the 2019-20, 2020-21, and 2021-22 fiscal years the University’s reported distance learning course fee revenue exceeded the additional costs of developing and delivering the courses by a total of \$8,557,840.</p>	<p>The University should establish effective procedures to demonstrate that the distance learning course fees assessed to and collected from students who enroll in distance learning courses are limited, as required by State law, to the additional costs of the services provided which are attributable to the development and delivery of the courses. Such procedures should include the maintenance of records to justify the fee assessed for each distance learning course based on the additional costs of services to develop and deliver that course.</p>	<p>The University will enhance the distance learning course fee monitoring procedures and continue to maintain records to justify the fees assessed by on the additional costs of services to develop and deliver that course.</p> <p><b>Responsible Party:</b>                      Christine Brown, Associate Vice President,                      Innovative Education</p>	<p style="text-align: center;">CLOSED BY                      MANAGEMENT</p>	<p style="text-align: center;">CLOSED                      DECEMBER                      31, 2022</p>

**UNIVERSITY OF SOUTH FLORIDA and RELATED ENTITIES**  
**Independent Audit Findings**  
**Status Report to the BOT Audit & Compliance Committee – February 14, 2023**

**SUMMARY OF ENTITIES REVIEWED FOR AUDIT FINDINGS**

USF Entity	Audit Due Date (Month and Day)	Current Audit Findings	Previous Audit Findings	Audit Firm
University of South Florida	Determined by Auditor General	No Findings	No Findings	State of Florida Auditor General
USF Operational Audit (Schedule Determined by Auditor General)	Determined by Auditor General	1 Finding	No Report in CY 2020	State of Florida Auditor General
USF Operational Audit – IT (Schedule Determined by Auditor General)	Determined by Auditor General	No Report in CY 2022	2 Findings – 1 REPEAT	State of Florida Auditor General
USF - State of Florida Federal Awards Audit (Formerly A-133)	Determined by Auditor General	Report Not Yet Issued	No Findings	State of Florida Auditor General
USF Auxiliary - Health Sciences Center Self-Insurance Program (SIP)	December 15	No Findings	No Findings	Crowe LLP
USF Auxiliary - Health Sciences Center Insurance Co., Inc. (CIC)	December 15	No Findings	No Findings	Crowe LLP
USF Auxiliary - Intercollegiate Athletics Program	January 15	No Findings	No Findings	James Moore & Co., P.L.
USF Auxiliary - WUSF-FM, A Public Telecommunications Entity	January 15	No Findings	No Findings	James Moore & Co., P.L.
DSO - USF Foundation, Inc.	October 15	No Findings	1 Finding	Cherry Bekaert LLP
DSO - USF Alumni Association, Inc.	October 15	No Findings	No Findings	Cherry Bekaert LLP
DSO - USF Financing Corporation and USF Property Corporation	October 15	No Findings	No Findings	KPMG LLP
DSO - University Medical Service Association, Inc. (UMSA) and USF Medical Services Support Corporation (MSSC)	October 15	No Findings	4 Findings	Warren Averett
DSO - USF Health Professions Conferencing Corporation (HPCC)	October 15	No Findings	No Findings	Mayer Hoffman McCann P.C.
DSO - USF Research Foundation, Inc.	October 15	No Findings	No Findings	Cherry Bekaert LLP
DSO - USF Sun Dome, Inc.	October 15	No Findings	No Findings	James Moore & Co., P.L.
DSO - USF Institute of Applied Engineering, Inc.	October 15	No Findings	No Findings	Warren Averett
HSSO - USF Health Support Services Organization, Inc.	October 15	No Findings	1 Finding	Warren Averett

**Agenda Item: IV.b.**

**USF Board of Trustees**  
**Audit & Compliance Committee Meeting**  
**February 14, 2023**

**Issue:** Annual Compliance Certifications of Direct Support Organizations

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**Proposed action:** Informational

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**Executive Summary:**

Each Direct Support Organization (“DSO”) and related entity under the control and direction of the Board of Trustees of the University of South Florida (“USF”) is expected to implement an internal control, reporting and governance structure consistent with best practices of USF, the DSO or related entity, as well as those detailed within National Association of College and University Business Officer’s Advisory Report on the Sarbanes-Oxley Act of 2002.

During 2021, the University amended USF Regulation 13.002 to require all DSOs, beginning in FY 2022, to engage the USF Office of Internal Audit to perform independent and objective internal audit and investigative services in accordance with professional standards.

Annually, each DSO must certify to the USF Board of Trustees compliance with the requirements described above. This certification must be completed by (1) the Chair of the Board or like position, (2) the Chief Executive Officer or President, and (3) the Chief Financial Officer or individual with overall responsibility for financial operations.

The University requests, by November 10, 2022, 8 Annual Compliance Certification Statements for the 10 DSOs for the fiscal year ended June 30, 2022 (2 are reported on a consolidated basis). Since June 30, 2022, all 8 Certification Statements have been received.

- No instances of non-compliance with the 23 requirements from five categories of compliance were cited in the 8 Annual Compliance Certification Statements.

**Financial Impact:**

N/A

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**Strategic Goal(s) Item Supports:** Goal 5: Strong, Sustainable and Adaptable Financial Base  
**Workgroup Review Date:** February 14, 2023  
**Supporting Documentation Online (please circle):** Yes No  
**USF or Institution specific:** USF  
**Prepared by:** Fell L. Stubbs, University Treasurer, (813) 974-3298

**UNIVERSITY OF SOUTH FLORIDA BOARD OF TRUSTEES  
Annual Compliance Certifications of Direct Support Organizations  
For the fiscal year ending June 30, 2022**

**NEW FINDINGS**

Direct Support Organization	Compliance Requirement	Finding	Management’s Response	Current Status of Finding	Target Completion Date
<p><b>No Instances of Noncompliance were Reported in the DSO Annual Certification Statements Received to Date.</b></p> <p><b>DSOs certified compliance with the following compliance categories:</b></p> <p>(a) Compliance with Laws, Regulations, Policies and Professional Standards</p> <p>(b) System of Internal Controls</p> <p>(c) External Audit</p> <p>(d) Internal Audit</p> <p>(e) Governance</p>	<p>Each Direct Support Organization (“DSO”) and related entity under the control and direction of the Board of Trustees of the University of South Florida (“USF”) is expected to implement an internal control, reporting and governance structure consistent with best practices of USF, the DSO or related entity, NACUBO’s Advisory Report on the Sarbanes-Oxley Act of 2002, and USF Regulation 13.002.</p> <p>Each DSO must certify to the USF Board of Trustees compliance with the requirements described above, and executed by the Chair of the DSO Board, CEO, and CFO.</p>	<p>No Instances of Noncompliance</p>			

**UNIVERSITY OF SOUTH FLORIDA BOARD OF TRUSTEES**  
**Summary of DSO Annual Certifications**

For the fiscal year ending, June 30, 2022

<b>CERTIFICATION STATEMENTS</b>	<b>USFFC / PC</b>	<b>FOUNDATION</b>	<b>ALUMNI</b>	<b>UMSA / MSSC</b>	<b>HPCC</b>	<b>RESEARCH</b>	<b>SUN DOME</b>	<b>IAE</b>
<b>A. Compliance with Laws, Regulations, Policies and Professional Standards</b>								
1. Compliance with Federal, State and Municipal Laws, Regulations and Professional Standards	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2. Compliance with Regulatory Reporting Requirements - Tax Reporting and Industry-Specific Reporting	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Compliance with Debt Covenants	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes
<b>B. System of Internal Controls</b>								
1. Internal Control System - Designed & Implemented	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2. Internal Control System - Incorporated USF Policies, Procedures and Best Practices	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Implemented Risk Management Program	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. Risks Assessed Quarterly, Plan of Resolution Prepared and Reported to Board, if needed	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5. Risk Mitigation Strategies Developed	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>C. External Audit</b>								
1. External Auditors Retained for Financial Statement Audit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2. Management Letter Comments Implemented	N/A	Yes	N/A	Yes	Yes	Yes	Yes	Yes
3. External Auditors Prohibited from Performing Non-Audit Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. External Auditors Did Not Employ Organization's Financial Preparer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>D. Internal Audit</b>								
1. Compliance with USF Regulation 13.002 Requirements for USF Office of Internal Audit to Perform Audit and Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2. Risks and Opportunities Identified by Internal Auditors Have Been Addressed	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A

**UNIVERSITY OF SOUTH FLORIDA BOARD OF TRUSTEES**

**Summary of DSO Annual Certifications**

For the fiscal year ending, June 30, 2022

<b>CERTIFICATION STATEMENTS</b>	<b>USFFC / PC</b>	<b>FOUNDATION</b>	<b>ALUMNI</b>	<b>UMSA / MSSC</b>	<b>HPCC</b>	<b>RESEARCH</b>	<b>SUN DOME</b>	<b>IAE</b>
<b>E. Governance</b>								
1. Articles or Bylaws require at least one DSO Board Member to be appointed by the Chair of the Board of Trustees, University President or designee serves on the Board, and Board of Trustees approves all appointments to the Board.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2. Audit Committee, or Equivalent, Established	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Audit Committee Consists of At Least One Financial Expert	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. External Audit Firm Pre-Approved by Audit Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5. Independent Audit Committee / Governing Board (N/A if governing documents preclude compliance with this item)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6. Organization complied with USF Regulation 13.002 - Prior Approval of \$1M and \$2M Purchases, Acquisitions and Projects by the Board of Trustees	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7. Organization has Adopted all Requirements Outlined in USF Regulation 13.002, including 8 Policies								
• Conflict of Interest and Financial Code of Ethics Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Expenditure Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Signatory Authority Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Procurement Policy (to include Supplier Diversity)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Travel Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Internal Controls and Internal Audit Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Workplace Discrimination and Retaliation Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Public Appearance Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
8. Board Conflict of Interest Policy Adopted and Provided Annually	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9. Employee Financial Code of Ethics Adopted and Compliance Reported Annually	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes